SENATE BILL No. 410

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-5.

Synopsis: PERF and TRF cost of living adjustments. Provides for an annual cost of living adjustment for members (and the survivors or beneficiaries of a member) of the public employees' retirement fund (PERF) and the teachers' retirement fund (TRF) equal to the quotient of: (1) the product of the total amount the respective fund paid for benefits provided by employer contributions during the preceding state fiscal year multiplied by the annual percentage change in the Consumer Price Index for All Urban Consumers; divided by (2) the total number of members, survivors, and beneficiaries who received a monthly benefit from the respective fund during the preceding state fiscal year.

Effective: July 1, 2014.

Hume

January 14, 2014, read first time and referred to Committee on Appropriations.

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 410

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 44. (a) This section applies in state fiscal years beginning after June 30, 2014, to a member (or the survivor or beneficiary of a member) of the public employees' retirement fund.**

(b) As used in this section, "CPI-U" refers to the Consumer Price Index for All Urban Consumers, United States City Average, as published by the United States Bureau of Labor Statistics, United States Department of Labor.

(c) As used in this section, "fund" refers to the public employees' retirement fund established by IC 5-10.3-2-1.

(d) As used in this section, "pension portion" means that portion of the monthly benefit provided by employer contributions and computed under IC 5-10.2-4-4.

(e) The pension portion of the monthly benefit payable to a member (or the survivor or beneficiary of a member) described in

subsection (a) who retired or was disabled before January 1 of the immediately preceding state fiscal year shall be increased each state fiscal year by an amount determined in STEP FIVE of the following formula:

STEP ONE: Determine the total amount of payments for the pension portion of the monthly benefit made during the preceding state fiscal year by the fund.

STEP TWO: Determine the total number of members, survivors, and beneficiaries of the fund who received a monthly benefit from the fund at any time during the preceding state fiscal year.

STEP THREE: Subtract the CPI-U at the end of the state fiscal year immediately before the preceding state fiscal year from the CPI-U at the end of the preceding state fiscal year, and round the remainder to the nearest one-tenth of one percent (0.10%).

STEP FOUR: Multiply the STEP ONE result by the STEP THREE result.

STEP FIVE: Determine the quotient of:

(A) the STEP FOUR result; divided by

(B) the STEP TWO result.

(f) The increase is:

(1) added to the pension portion of the monthly benefit received by the member (or the survivor or beneficiary of a member) on December 31 of the current state fiscal year; and

(2) payable after December 31 each state fiscal year.

(g) The pension portion of the monthly benefit may not be reduced if the annual percentage change in the CPI-U is negative as determined in STEP THREE of subsection (e).

(h) The increases specified by this section:

(1) are based on the date of the member's latest retirement or disability;

(2) do not apply to benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.

SECTION 2. IC 5-10.2-5-45 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 45. (a) This section applies in state fiscal years beginning after June 30, 2014, to a member (or the survivor or beneficiary of a member) of the Indiana state teachers' retirement fund.**

(b) As used in this section, "CPI-U" refers to the Consumer Price Index for All Urban Consumers, United States City Average,

as published by the United States Bureau of Labor Statistics, United States Department of Labor.

(c) As used in this section, "fund" refers to the Indiana state teachers' retirement fund established by IC 5-10.4-2-1.

(d) As used in this section, "pension portion" means that portion of the monthly benefit provided by employer contributions and computed under IC 5-10.2-4-4.

(e) The pension portion of the monthly benefit payable to a member (or the survivor or beneficiary of a member) described in subsection (a) who retired or was disabled before January 1 of the immediately preceding state fiscal year shall be increased each state fiscal year by an amount determined in STEP FIVE of the following formula:

STEP ONE: Determine the total amount of payments for the pension portion of the monthly benefit made during the preceding state fiscal year by the fund.

STEP TWO: Determine the total number of members, survivors, and beneficiaries of the fund who received a monthly benefit from the fund at any time during the preceding state fiscal year.

STEP THREE: Subtract the CPI-U at the end of the state fiscal year immediately before the preceding state fiscal year from the CPI-U at the end of the preceding state fiscal year, and round the remainder to the nearest one-tenth of one percent (0.10%).

STEP FOUR: Multiply the STEP ONE result by the STEP THREE result.

STEP FIVE: Determine the quotient of:

(A) the STEP FOUR result; divided by

(B) the STEP TWO result.

(f) The increase is:

(1) added to the pension portion of the monthly benefit received by the member (or the survivor or beneficiary of a member) on December 31 of the current state fiscal year; and

(2) payable after December 31 each state fiscal year.

(g) The pension portion of the monthly benefit may not be reduced if the annual percentage change in the CPI-U is negative as determined in STEP THREE of subsection (e).

(h) The increases specified by this section:

(1) are based on the date of the member's latest retirement or disability;

(2) do not apply to benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.